

# CHARMAINE PHILIPS PLATENBURG

*Certified Public Accountant*

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## *AUDITED FINANCIAL STATEMENTS*

*OF*

*FOREVER OUR CHILDREN, INC. -*

*AFTER SCHOOL TUTORIAL PROGRAM*

*AS OF AND FOR*

*THE YEAR ENDED*

*JUNE 30, 2001*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/14/01

**CHARMAINE PHILIPS PLATENBURG**  
*Certified Public Accountant*

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**INDEPENDENT AUDITOR'S REPORT**

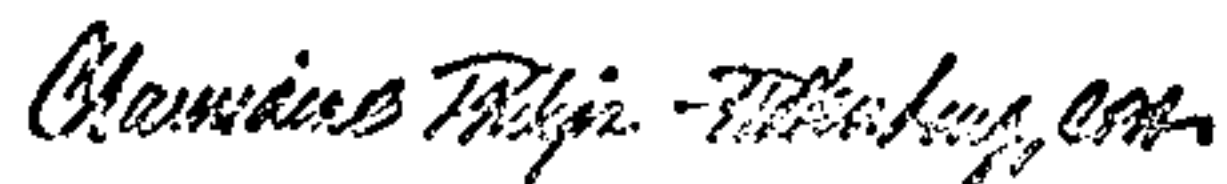
To the Board of Directors  
Forever Our Children, Inc. - After School Tutorial Program

I have audited the accompanying statement of financial position of Forever Our Children, Inc. - After School Tutorial Program (a non-profit corporation) as of June 30, 2001 and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of Forever Our Children, Inc. - After School Tutorial Program's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Forever Our Children, Inc. - After School Tutorial Program as of June 30, 2001, and the changes in its net assets and its cash flows for the year then ended in conformity with the generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated September 27, 2001 on my consideration of Forever Our Children, Inc. - After School Tutorial Program's internal control structure over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants.



Charmaine Philips Platenburg, CPA

New Orleans, LA  
September 27, 2001

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**FOREVER OUR CHILDREN, INC.**  
**AFTER SCHOOL TUTORIAL PROGRAM**  
**Statement of Financial Position**  
**As of June 30, 2001**

**Assets**

**Current Assets:**

Cash and Cash Equivalents	\$ 2,039
Prepaid Expenses	<u>3,567</u>

Total Current Assets	5,606
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**Fixed Assets**

Equipment	16,330
Less: Accumulated Depreciation	<u>(13,796)</u>

Total Fixed Assets	<u>2,534</u>
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Total Assets	<u><u>\$ 8,140</u></u>
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**Liabilities & Net Assets**

**Current Liabilities:**

Accounts Payable	\$ 798
Payroll Taxes Payable	3,891
Deferred Revenue	<u>2,718</u>

Total Liabilities	<u>7,407</u>
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**Net Assets:**

Unrestricted	<u>733</u>
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Total Net Assets	<u>733</u>
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Total Liabilities & Net Assets	<u><u>\$ 8,140</u></u>
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**FOREVER OUR CHILDREN, INC.**  
**AFTER SCHOOL TUTORIAL PROGRAM**  
**Statement of Activities**  
**For the Year Ended June 30, 2001**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues:</b>			
Contract Appropriations	\$ -	\$ 211,058	\$ 211,058
Net Assets released from restrictions	211,058	(211,058)	-
Refunds - State of Louisiana	(1,505)	-	(1,505)
Other Income	347	-	347
	<u>209,900</u>	<u>-</u>	<u>209,900</u>
<b>Expenses:</b>			
Payroll Expenses	61,684	-	61,684
Contractual Services	45,257	-	45,257
Rent	22,200	-	22,200
Program Activities	17,342	-	17,342
Security	10,882	-	10,882
Maintenance - Equipment	10,845	-	10,845
Janitorial Expenses	6,800	-	6,800
Equipment	5,248	-	5,248
Telephone	5,096	-	5,096
Insurance	4,573	-	4,573
Accounting	4,400	-	4,400
Depreciation Expense	3,260	-	3,260
Instructional Materials	3,141	-	3,141
Office Supplies	2,505	-	2,505
Conferences & Seminars	2,500	-	2,500
Food Supplies	2,103	-	2,103
Mileage	1,500	-	1,500
Repairs & Maintenance	1,401	-	1,401
Miscellaneous	1,382	-	1,382
Workmen's Compensation	800	-	800
Postage	780	-	780
Interest Expense	414	-	414
Legal Expenses	200	-	200
Bank Service Charges	5	-	5
	<u>214,318</u>	<u>-</u>	<u>214,318</u>
Total Expense	<u>214,318</u>	<u>-</u>	<u>214,318</u>
Decrease in Net Assets	(4,418)	-	(4,418)
Net Assets, Beginning Balance	<u>5,151</u>	<u>-</u>	<u>5,151</u>
Net Assets, Ending Balance	<u>\$ 733</u>	<u>\$ -</u>	<u>\$ 733</u>

**FOREVER OUR CHILDREN, INC.**  
**AFTER SCHOOL TUTORIAL PROGRAM**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2001**

**Cash Flows from Operating Activities:**

Decrease in Net Assets	\$ (4,418)
Adjustments to reconcile increase net assets to net cash used in operating activities:	
Depreciation Expense	3,260
Decrease in Prepaid Expenses	(798)
Decrease in Accounts Payable & Payroll Taxes Payable	<u>(186)</u>
Net Cash Used In Operations	<u>(2,142)</u>
Net Decrease In Cash and Cash Equivalents	(2,142)
Cash and Cash Equivalents at Beginning of Year	<u>4,181</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 2,039</u></u>

Interest paid on financing activities during the fiscal year ended June 30, 2001 was \$414.



**NOTES TO THE FINANCIAL STATEMENTS**  
***Forever Our Children, Inc. - After School Tutorial Program***  
***June 30, 2001***

**NOTE A - Nature of Activities and Significant Accounting Policies**

Nature of Activities

Forever Our Children, Inc. - After School Tutorial Program (the program) was incorporated in 1992 in the state of Louisiana. The Program provides free after school tutoring in the areas of remedial reading and math, along with homework assistance, and computer reinforcement. The Program was designed to provide assistance in crucial areas such as reading, writing, oral communication, and mathematics. Students are also provided with individual guidance and counseling. Funding for the tutorial program is provided by the State of Louisiana Governor's Office of Urban Affairs and Development.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenditures are recognized when incurred.

Equipment

Equipment would include furniture and fixtures purchased by the Program and are recorded at cost. Assets, which cost less than \$5,000 individually, are expensed in the year of purchase. Assets that are capitalizable are depreciated using the straight-line method.

Financial Statement Presentation

The financial statements are presented in accordance with Statement on Financial Accounting standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". This statement requires reporting the Program's financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, in addition to a statement of cash flows.

**NOTES TO THE FINANCIAL STATEMENTS**  
***Forever Our Children, Inc. - After School Tutorial Program***  
***June 30, 2001***

**NOTE A - Nature of Activities and Significant Accounting Policies (continued)**

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Program considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Program is required by the State of Louisiana, Governor's Office of Urban Affairs and Development to maintain the support received in a separate checking account.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Prepaid Expense

Prepaid expense consists of insurance premiums that were paid in advance by the Program. The insurance is a requirement of the Program. The prepaid expense will be amortized over the next twelve months.

Revenue Recognition

Contributed support is reported as unrestricted or restricted depending on the existence of the donor stipulations that limit the use of the support. When a donor restriction expires, that is, when the stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions".

**NOTE B - Deferred Revenue**

During the fiscal year, the Forever Our Children, Inc. received \$213,750 in advance from State of Louisiana, Governor's Office of Urban Affairs and Development for its tutorial program. As of June 30, 2001, the Organization had expended \$211,058 of the funds. The remaining balance of \$2,718 (\$213,750 less \$211,058) was recorded in the financial statements as deferred revenue as of June 30, 2001.



**NOTES TO THE FINANCIAL STATEMENTS**  
**Forever Our Children, Inc. - After School Tutorial Program**  
**June 30, 2001**

**NOTE C - Fixed Assets**

Equipment at June 30, 2001 is summarized as follows:

Beginning Balance, July 1, 2000	\$ 16,330
Purchases/(Disposals) during the fiscal year	<u>0</u>
Total Equipment	16,330
Accumulated Depreciation	<u>(13,796)</u>
Net Equipment	<u>\$ 2,534</u>

Depreciation expense charged to operations in the fiscal year ended June 30, 2001 was \$3,260.

**NOTE D – Board of Directors Compensation**

The board of directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended June 30, 2001.

**NOTE E - Related Party Transaction**

The Program has an operating lease agreement with an Organization that shares the same board members under which the Program rents office space. The annual rental payment is \$22,200 and the expiration date of the lease was June 30, 2001. The duration of the lease agreement was for one year. The lease agreement was renewed in the subsequent period under the same terms.

**NOTE F - Significant Concentration**

The Program receives over 100% of its funding from the State of Louisiana, Governor's Office of Urban Affairs and Development. The fact that the funding is conditioned upon the availability and appropriation of the State funds and that the State is not obligated to fund the Program in the subsequent year creates an uncertainty about the Program's ability to continue as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS**  
***Forever Our Children, Inc. - After School Tutorial Program***  
***June 30, 2001***

**NOTE G –Net Assets Released from Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Governor's Office of Urban Affairs and Development	<u>\$ 213,058</u>
Total restrictions released	<u>\$ 213,058</u>

**NOTE H - Reconciliation of Net Assets**

The following are adjustments made to Net Assets:

Beginning Balance	\$ 7,775
Less Cash - Other Program	(2,957)
Prior Period Adjustment - Prepaid Expense	<u>333</u>
Adjusted Beginning Balance	<u>\$ 5,151</u>

**CHARMAINE PHILIPS PLATENBURG**  
*Certified Public Accountant*

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS***

To the Board of Directors of  
Forever Our Children, Inc.-After School Tutorial Program

I have audited the financial statements of Forever Our Children, Inc.-After School Tutorial Program (a non-profit corporation) as of and for the fiscal year ended June 30, 2001, and have issued my report thereon dated September 27, 2001. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

Compliance

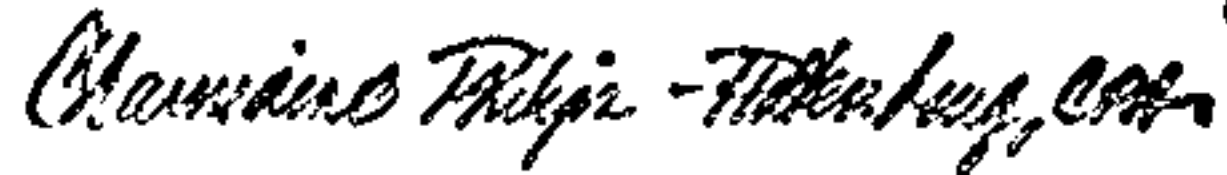
As part of obtaining reasonable assurance about whether Forever Our Children, Inc.-After School Tutorial Program's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance that is required to be reported under Governmental Auditing Standards and which is described in the accompanying schedule of Findings and Questioned Costs as item 01-1. However, I noted certain immaterial instances of noncompliance, which I have reported to management of the Program in a separate letter dated September 27, 2001.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Forever Our Children, Inc.-After School Tutorial Program's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a certain matter involving the internal control over financial reporting and its operation that I considered to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Forever Our Children, Inc. - After School Tutorial Program's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of Findings and Questioned Costs as item 01-1.

- A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by the employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I considered the reportable condition described above as item 01-1 to be a material weakness. I also noted other matters involving the internal control over financial reporting, which I have reported to management of the Program in a separate letter dated September 27, 2001.

This report is intended solely for the information of the Board of Directors, management, and State of Louisiana, Governor's Office of Urban Affairs and Development. However, this report is a matter of public record and its distribution is not limited.



Charmaine Philips Platenburg, CPA

New Orleans, LA  
September 27, 2001

**CHARMAINE PHILIPS-PLATENBURG**

***Certified Public Accountant***

1340 Poydras Street • Suite 2130  
New Orleans, LA 70112

**FOREVER OUR CHILDREN, INC. – AFTER SCHOOL TUTORIAL PROGRAM**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the year ended June 30, 2001**

**A. SUMMARY OF AUDIT RESULTS.**

1. A unqualified opinion was issued on the financial statements of the auditee.
2. A reportable condition in internal control was disclosed by the audit of the financial statements and the reportable condition was deemed to be a material weakness.
3. The audit disclosed an instance of noncompliance. The instance was deemed to be material to the financial statements of the auditee.
4. The audit finding that was required to be reported under Section 510(a) of Circular A-133 was reported in Part B of this schedule.
5. The dollar threshold to distinguished between Type A and Type B programs was \$300,000. There were no major programs.
6. The auditee did not qualify as a low-risk auditee.



**FOREVER OUR CHILDREN, INC. – AFTER SCHOOL TUTORIAL PROGRAM**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**

**For the year ended June 30, 2001**

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT**

**01-1 Time Allocation of Payroll Expenses**

Statement of Condition:

The Program reported payroll expenses for the various programs in the financial statements. However, the timesheets were not maintained by the Program that reflected the amount of time spent on the various programs by the Executive Director nor had the client established a formal cost allocation plan regarding payroll expenses.

Criteria:

In accordance with the provisions of OMB Circular A-122 "Cost Principles for Nonprofit Organizations" requires recipients to specifically identify costs associated with specific awards. The Organization may establish any cost allocation plan as long as the plan is reasonable and applied in a consistent manner.

Effect of Condition:

The payroll expenses claimed for the Executive Director were not supported by timesheets that properly identified the time spent on the various programs.

Questioned Costs:

None

Cause of Condition:

Management did not establish an allocation method for payroll purposes.

Recommendations:

Implement procedures to properly record and identify time spent on the various programs.

Management Response:

See corrective action plan.



**FOREVER OUR CHILDREN, INC. – AFTER SCHOOL TUTORIAL PROGRAM**

**STATUS OF PRIOR YEAR FINDINGS**

**For the year ended June 30, 2001**

There were no prior year findings.

# CHARMAINE PHILIPS PLATENBURG

## *Certified Public Accountant*

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To the Board of Directors of  
Forever Our Children, Inc.-  
After School Tutorial Program

In planning and performing my audit of the financial statements of Forever Our Children, Inc.-After School Tutorial Program (the Organization) for the year ended June 30, 2001, I considered the Organization's internal control structure to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control structure.

However, during my audit, I noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. My comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve the internal control structure and/or enhance in other operating efficiencies. I will be pleased to discuss these comments in further detail at your convenience, to perform any additional studies of these matters, or to assist you in implementing the recommendations. My comments are summarized as follows:

### Current Year Findings

#### MLC 01-1 Expenditures exceeded Budgeted Amounts

It was noted during my budget versus actual expenditure testing that some line items exceeded their budgeted amounts for the grant period. However, the total actual expenditures did not exceed the total budget. Management should review and analyze expenditures on a monthly basis to determine whether a budget revision is needed. By analyzing and forecasting expenditures for the remaining grant period, management may prevent line item overages. The following is a listing of the overages:

	<u>Budget</u>	<u>Actual</u>	<u>Overage</u>
Contractors	\$40,543	\$42,037	\$ 1,494
Janitor	6,500	6,800	300
Maintenance	-0-	1,401	1,401
Instructional Material	2,730	3,141	411
Office Supplies	2,177	2,505	328
Equipment	<u>4,084</u>	<u>5,248</u>	<u>1,164</u>
Totals	<u>\$56,034</u>	<u>\$61,132</u>	<u>\$ 5,098</u>

#### MLC 01-2 Accounting System

During our testing of cash disbursements, we noted that several transactions were erroneously recorded in the general ledger. This type of error can cause the financial statements to be misleading to the users of such information. Management should review the general ledger to assure that entries are properly classified in the correct accounts of the financial statements and inquire about any concerns to the accountant for clarification.

### MLC 01-3 Support Documentation

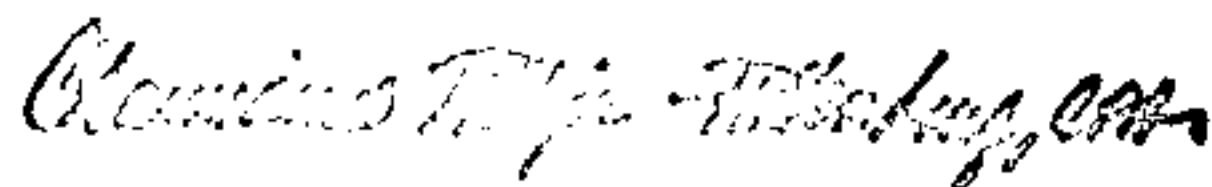
Although the client obtained contracts, the client did not maintain invoices for all services rendered by some of the contractors. Management should require all vendors to issue invoices that describe the services rendered and the associated cost to remain in compliance with Office of Management and Budget Circular A-110.

### MLC 01-4 Organizational Structure

The size of the organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff was large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remains involved in the financial affairs of the organization to provide oversight and independent review functions.

I would like to thank Ms. Geralyn Labbe and Sheila Williams for their support and assistance during my audit.

This report is intended solely for the information and use of the Board of Directors, management, and Governor's Office of Urban Affairs & Development.



Charmaine Philips Platenburg, CPA

New Orleans, LA.  
September 27, 2001

**CHARMAINE PHILIPS-PLATENBURG**

***Certified Public Accountant***

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LEGISLATIVE AUDITOR GERALYN M. LABBE, MSW  
Executive Director  
01 NOV -6 AM 9:52

October 23, 2001

Charmaine Philips Platenburg, CPA  
1340 Poydras St., Suite 2130  
New Orleans, LA 70112

Re: Response to Audit Findings

Gentlemen:

Our response to your findings are as follows:

**MLC 01-1 Expenditures Exceeded Budgeted Amounts**

Management will review and analyze expenditures on a monthly basis. Management will request a budget revision from funding agency if forecasted expenditures exceeded the approved budget amounts.

**MLC 01-2 Accounting System**

Management will review general ledger thoroughly each month and make corrections. The corrections will be given to Accountant for proper classification in general ledger. The Office Manager will verify that all corrections are posted to the correct account.

**MLC 01-3 Support Documentation**

Management will require that all contract employees issue invoices that include date and time of services rendered in addition to a detailed description of services rendered. The Executive Director will review all invoices to ensure that they are complete before giving approval for checks to be issued.

**MLC 01-4 Organizational Structure**

It is the intent of Management to keep our Board of Directors apprised of the corporation's financial condition at quarterly board meetings. The Board will be advised that financial information will be available on a monthly basis for any member who may wish to review the information each month.

Sincerely,

Geralyn M. Labbe, MSW, GSW  
Executive Director